

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4357-05
Bill No.: Truly Agreed To and Finally Passed HCS for SB 508
Subject: Health Care; Insurance - Medical; Insurance Department; Licenses - Professional
Type: Original
Date: June 16, 2014

Bill Summary: This proposal changes the laws regarding health insurance.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on General Revenue Fund	(Unknown)	(Unknown)	(Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Criminal Records	\$12,650	\$3,300	\$3,300
Insurance Dedicated	Up to \$5,700	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	Up to \$18,350	\$3,300	\$3,300

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Federal Funds	\$0*	\$0*	\$0*
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0*	\$0*	\$0*

*Income and Costs Net to Zero.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on FTE	0	0	0

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Attorney General's Office** assume that any potential costs arising from this proposal can be absorbed with existing resources.

Officials from the **Office of the State Courts Administrator (CTS)** would not anticipate a fiscal impact in excess of \$100,000.

Oversight assumes the CTS could absorb any costs arising from this proposal.

Officials from the **Office of Prosecution Services (OPS)** assume the current proposal would not fiscally impact their agency.

OPS also states that the creation of a new crime creates additional responsibilities for county prosecutors which may in turn result in additional costs which are difficult to determine.

In response to a previous version of this proposal, officials at the **Office of State Public Defender (SPD)** stated that they cannot assume that existing staff will provide competent, effective representation for any new cases arising where indigent persons are charged with the proposed new crime of disclosing criminal record check information, a new Class A misdemeanor.

Passage of bills increasing penalties on existing crimes, or creating new crimes, requires the SPD to further extend resources. While the number of new cases may be too few or uncertain to request additional funding for this specific bill, the SPD will continue to request sufficient appropriations to provide competent and effective representation in all its cases where the right to counsel attaches.

Officials from the **Department of Public Safety - Missouri Highway Patrol (MHP)** assume this legislation will require the approximately 575 current navigator licensees to obtain background checks. In checking with the DIFP, they anticipate approximately 150 new navigator licensees each year.

The charge for each background check processed is \$44.80. Twenty dollars for the state fingerprint check, \$16.50 for the federal check and an \$8.30 charge for the electronic fingerprint option used through a third-party vendor. Of this amount, the state retains the \$20 fee and \$2 of the federal charge for a pass-thru fee. The \$8.30 charge is paid directly to the vendor at the time application.

ASSUMPTION (continued)

<u>Year</u>	<u>Expense</u>	<u>Revenue</u>
FY 2015	\$8,338 (575 x (\$16.50 - \$2))	\$20,988 (575 x (\$20 + \$16.50))
FY 2016	\$2,175 (150 x (\$16.50 - \$2))	\$5,475 (150 x (\$20 + \$16.50))
FY 2017	\$2,175 (150 x (\$16.50 - \$2))	\$5,475 (150 x (\$20 + \$16.50))

Officials from the **Department of Corrections (DOC)** stated that they could not predict the number of new commitments which could result from the creation of the offense(s) outlined in the proposal. An increase in commitments would depend on the utilization of prosecutors and the actual sentences imposed by the courts. If additional persons were sentenced to the custody of the DOC due to the provisions of this legislation, the DOC would incur a corresponding increase in operational cost through supervision provided by the Board of Probation and Parole (FY 2013 average \$5.07 per offender, per day or an annual cost of \$1,851 per offender).

In summary, supervision by the DOC through probation would result in some additional costs, but it is assumed the impact would be \$0 or a minimal amount that could be absorbed within existing resources.

Section 105.711 - Legal Defense Fund

Officials from the **Office of Administration (OA) - Division of General Services** state section 105.711(3)(d) would result in unknown costs to the state legal expense fund.

Officials from the **Department of Social Services (DSS)** state this section will have no fiscal impact on the DSS.

Sections 208.631 to 208.646 - CHIP asset limits and qualifying time

Officials from the **DSS - MO HealthNet Division (MHD)** state, for section 208.631, that according to assumptions by the Family Support Division (FSD), these children are already eligible but will be eligible for coverage three months earlier than they would be under the current policy. There currently are 99 (35 fee-for-service (FFS) and 64 Managed Care) premium paying children who lose their coverage each month for three months. It is assumed this change will affect only one cohort of children since all future children will need to be "uninsured" for only ninety (90) days.

The maximum fiscal impact will be the average monthly cost offset by the average monthly premium for three months. The annual cost will be \$11,908. This assumes all families will immediately apply for coverage after the 90 day period.

ASSUMPTION (continued)

It is unknown what the actual time frame will be for families to apply for coverage.

For section 208.636, according to assumptions provided by FSD, there are very few CHIP children rejected due to the asset limit. Therefore, there will be no fiscal impact to the Managed Care Program.

For section 208.646, according to assumptions by FSD, there are 493 (175 Fee-for-Service (FFS); 318 Managed Care) children each month who are removed from CHIP coverage for three months for failure to pay a CHIP premium. These are new children each month (not duplicated) and it is assumed that the same number will continue to lose coverage each month. It is assumed that these children will regain their eligibility three months earlier than they would have previously.

The fiscal impact will be the average monthly cost for these children offset by the average monthly premium for three months. An annual cost was calculated assuming that not all three months of the fiscal impact will occur within the same fiscal year as the child lost eligibility. The annual cost will be \$534,439. The cost is shown as unknown less than the cost for 3 months of coverage as this is the maximum cost that MO HealthNet would occur based on current participant data. Today some families may not seek coverage until later in the six month period when the child needs medical care; for these families MHD may not incur 3 months of additional costs. Some families may have affordable care for their children through the insurance exchange and not receive services under CHIP.

It is assumed the FY15 cost will be for 10 months and FY16 and FY17 will have a 2.9% trend factor added.

FY15: Total (Unknown, less than \$455,289) - (GR < \$117,601; Federal < \$337,688);

FY16: Total (Unknown, less than \$562,191) - (GR < \$145,214; Federal < \$416,977);

FY17: Total (Unknown, less than \$578,493) - (GR < \$149,425; Federal < \$429,068).

Section 376.998

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** state that insurers would be required to submit amendments to their policies to comply with this proposal. Policy amendments must be submitted to the department for review along with a \$50 filing fee. The number of insurance companies writing these policies in Missouri fluctuates each year. One-time additional revenues to the Insurance Dedicated Fund are estimated to be up to \$5,700.

ASSUMPTION (continued)

Additional staff and expenses are not being requested with this single proposal, but if multiple proposals pass during the legislative session which require policy form reviews the department will need to request additional staff to handle increase in workload.

In response to a similar proposal, HCS for HB 2209, officials from the **Department of Health and Senior Services** stated that Section 376.998 results in unknown fiscal impact for their Division of Community and Public Health (DCPH). There are various programs within DCPH that become the payer of last resort for medical services or products not covered under insurance provisions. Excluding certain benefits from mandated coverage may cause need for some insured individuals to seek out assistance from programs within DCPH if their insurance coverage is not adequate.

Section 376.2004

Officials from the Department of Insurance, Financial Institutions and Professional Registration state that this section requires that an applicant for a navigator license must take an exam created by the department and submit to a criminal background check. A background check is to be performed on all navigator license applicants by the Missouri Highway Patrol. The department assumes the applicant would be responsible for payment of the cost of the background check. The department believes existing investigator FTEs can absorb the potential increase in workload resulting from the provisions of this legislation; however should the workload be more than anticipated, additional FTE will be requested through the budget process.

This proposal will increase total state revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
GENERAL REVENUE FUND			
<u>Costs - OA-GS (§105.711)</u>			
Expansion of medical malpractice coverage	(Unknown)	(Unknown)	(Unknown)
<u>Costs - DSS-MHD (§§208.631 to 208.646)</u>			
Increase in CHIP costs due to elimination of asset limits and changes in wait periods for failure to pay premiums	(Unknown, less than \$117,601)	(Unknown, less than \$145,214)	(Unknown, less than \$149,425)
<u>Costs - DCPH (§376.998)</u>			
Increased medical services costs	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
FEDERAL FUNDS			
<u>Income - DSS-MHD (§§208.631 to 208.646)</u>			
Increase in program reimbursements	Unknown, less than \$337,688	Unknown, less than \$416,977	Unknown, less than \$429,068
<u>Costs - DSS-MHD (§§208.631 to 208.646)</u>			
Increase in program expenditures	(Unknown, less than \$337,688)	(Unknown, less than \$416,977)	(Unknown, less than \$429,068)
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0*</u>	<u>\$0*</u>	<u>\$0*</u>

*Income and Costs Net Zero.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
CRIMINAL RECORDS FUND			
<u>Revenue - MHP</u>			
Federal Background Check Fee	\$20,988	\$5,475	\$5,475
<u>Expense - MHP</u>			
Federal Background Check Cost	<u>(\$8,338)</u>	<u>(\$2,175)</u>	<u>(\$2,175)</u>
ESTIMATED NET EFFECT ON CRIMINAL RECORD FUND	<u>\$12,650</u>	<u>\$3,300</u>	<u>\$3,300</u>

INSURANCE DEDICATED FUND

<u>Revenues - DIFP</u>			
Policy Amendment Fees	<u>Up to \$5,700</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	<u>Up to \$5,700</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small business navigators will be required to submit to and pay for a criminal background check.

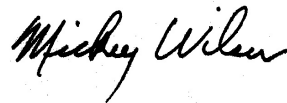
FISCAL DESCRIPTION

This proposal requires that an applicant for a navigator license must take an exam administered by the Department of Insurance or an independent testing service with which the Department has contracted and requires applicants for individual licenses to provide two sets of fingerprints for the purpose of doing Missouri and national criminal record reviews.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Insurance, Financial Institutions
and Professional Registration
Department of Public Safety - Missouri Highway Patrol
Office of the State Courts Administrator
Office of Prosecution Services
Office of the State Public Defender
Department of Corrections
Attorney General's Office
Department of Health and Senior Services
Department of Social Services



Mickey Wilson, CPA
Director
June 16, 2014

Ross Strobe
Assistant Director
June 16, 2014